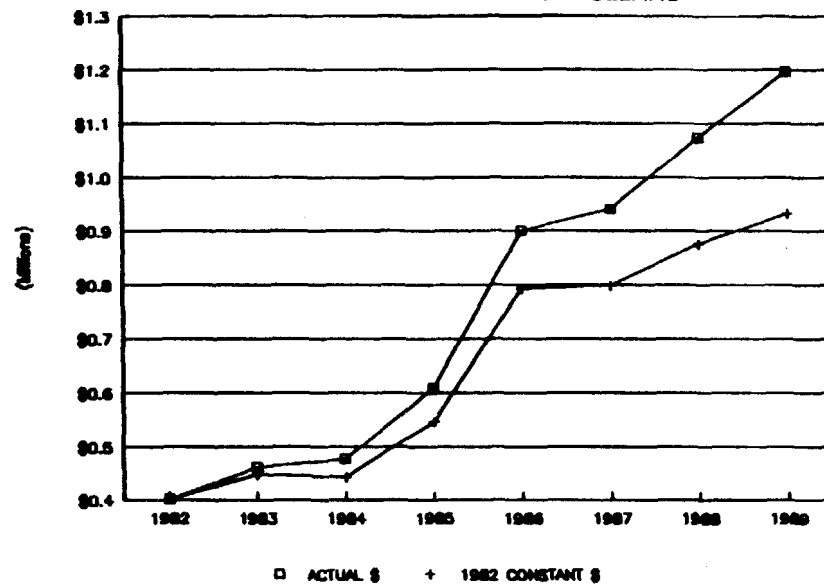
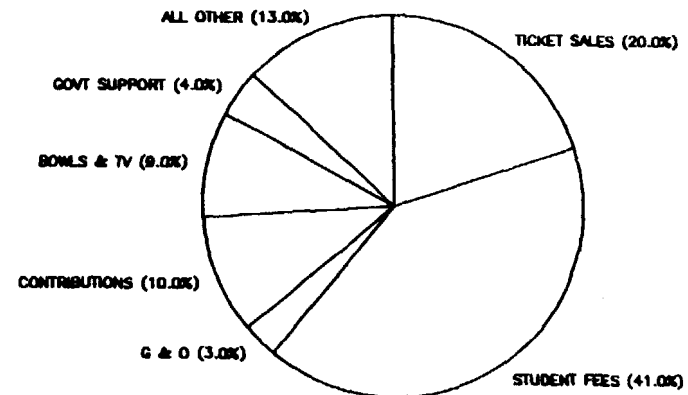


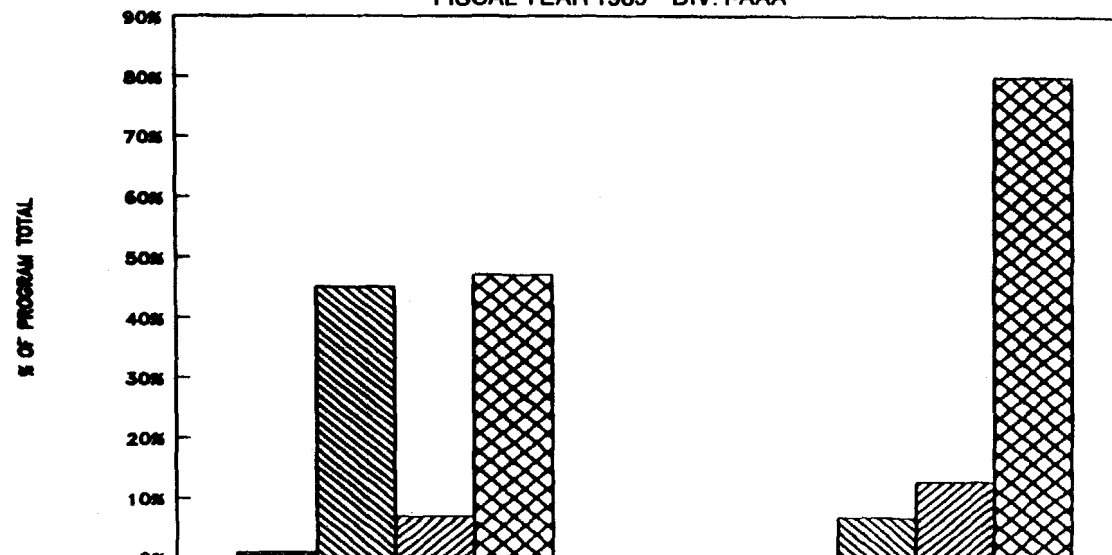
AVERAGE TOTAL REVENUES - DIV. I-AAA
ACTUAL AND 1982 CONSTANT DOLLARS



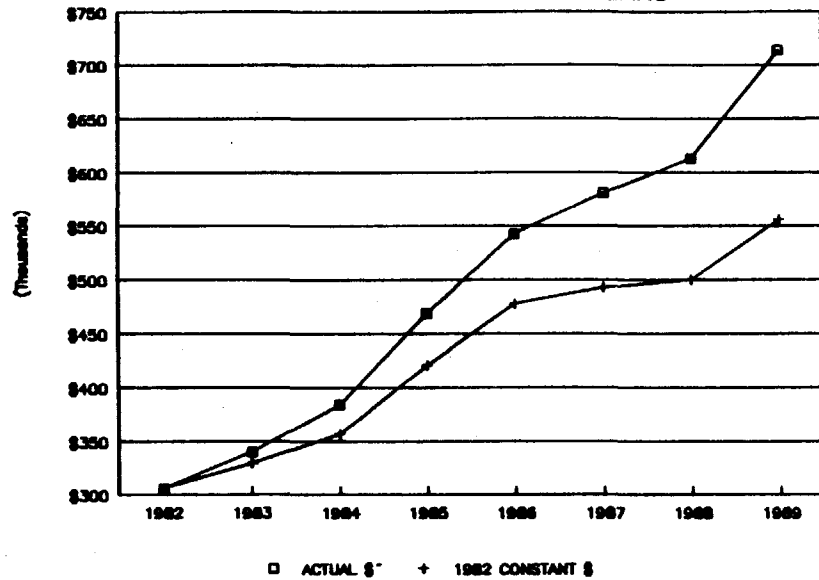
REVENUES CLASSIFIED BY SOURCE
FISCAL YEAR 1989 - DIV. I-AAA



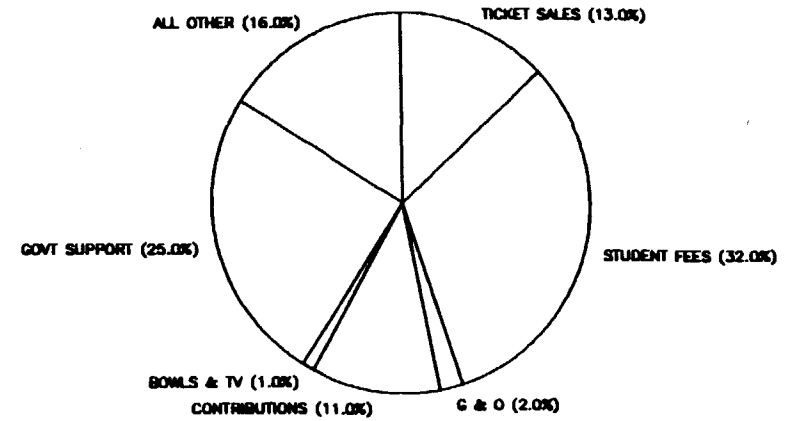
REVENUES CLASSIFIED BY SPORT
FISCAL YEAR 1989 - DIV. I-AAA



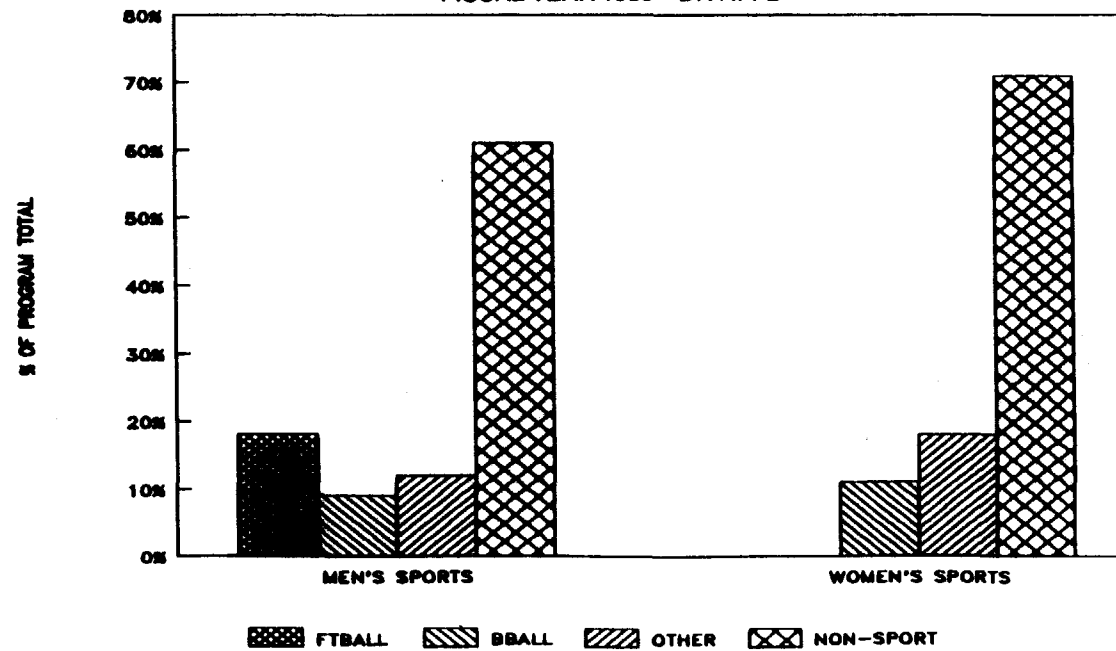
AVERAGE TOTAL REVENUES – DIV. II-FB
ACTUAL AND 1982 CONSTANT DOLLARS



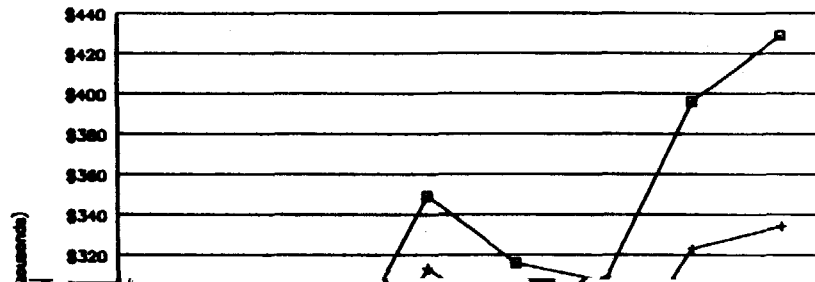
REVENUES CLASSIFIED BY SOURCE
FISCAL YEAR 1989 – DIV. II-FB



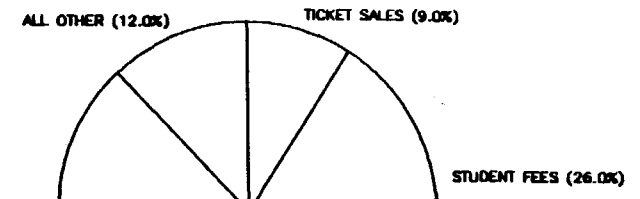
REVENUES CLASSIFIED BY SPORT
FISCAL YEAR 1989 – DIV. II-FB



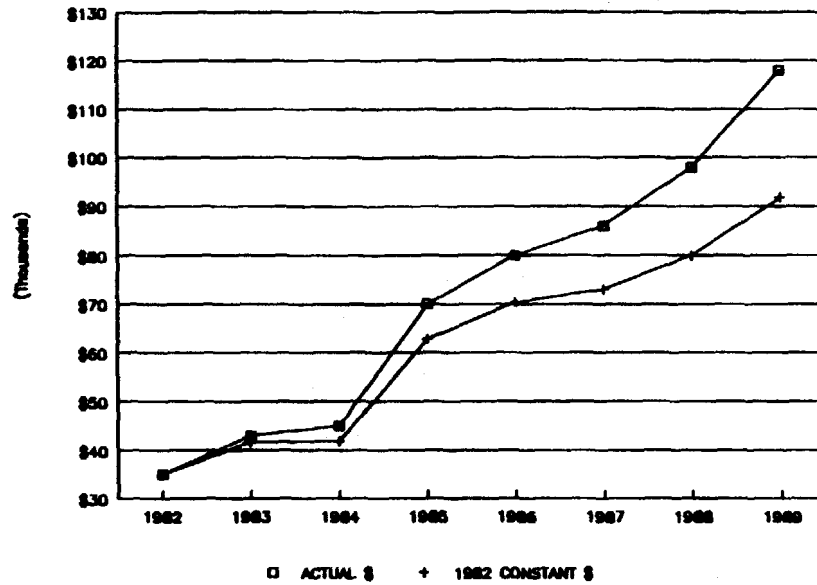
AVERAGE TOTAL REVENUES – DIV. II-NO FB
ACTUAL AND 1982 CONSTANT DOLLARS



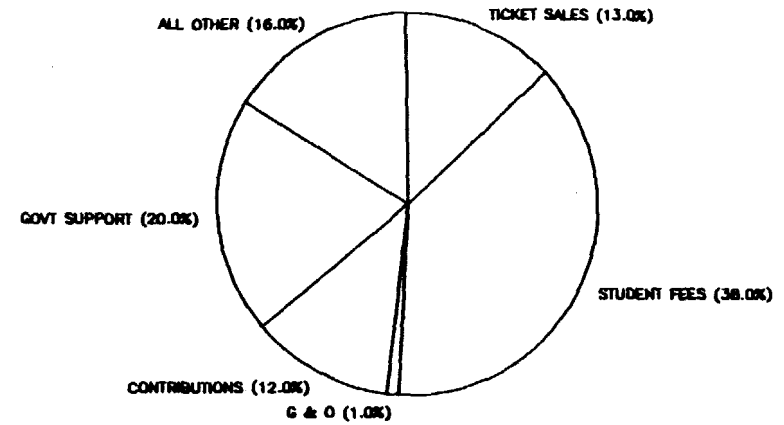
REVENUES CLASSIFIED BY SOURCE
FISCAL YEAR 1989 – DIV. II-NO FB



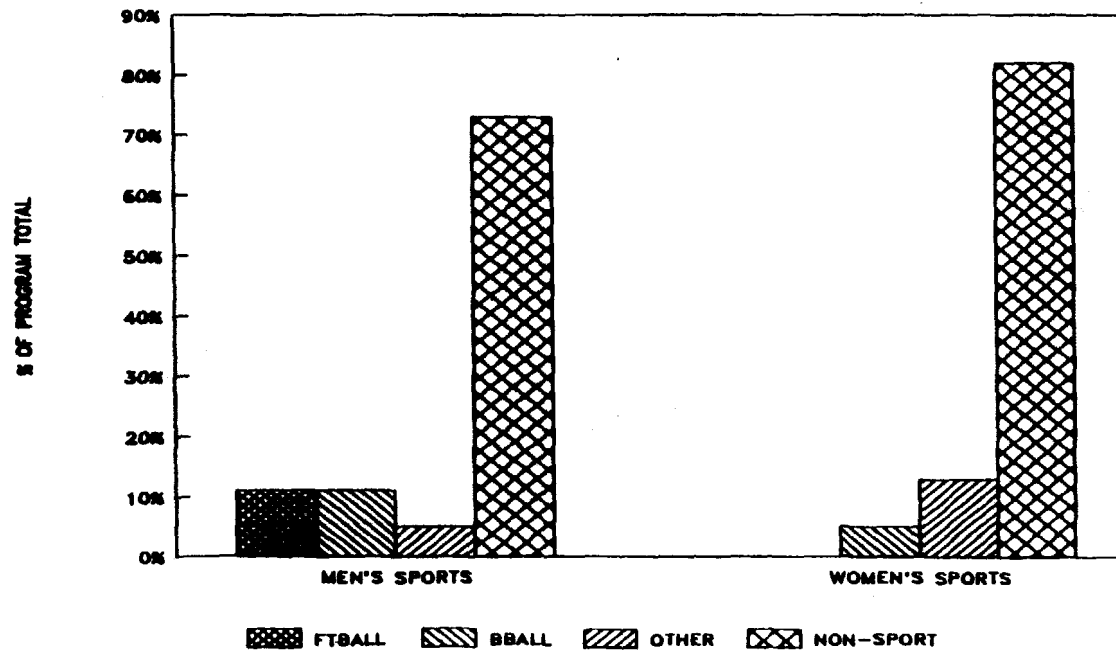
AVERAGE TOTAL REVENUES - DIV. III-FB
ACTUAL AND 1982 CONSTANT DOLLARS



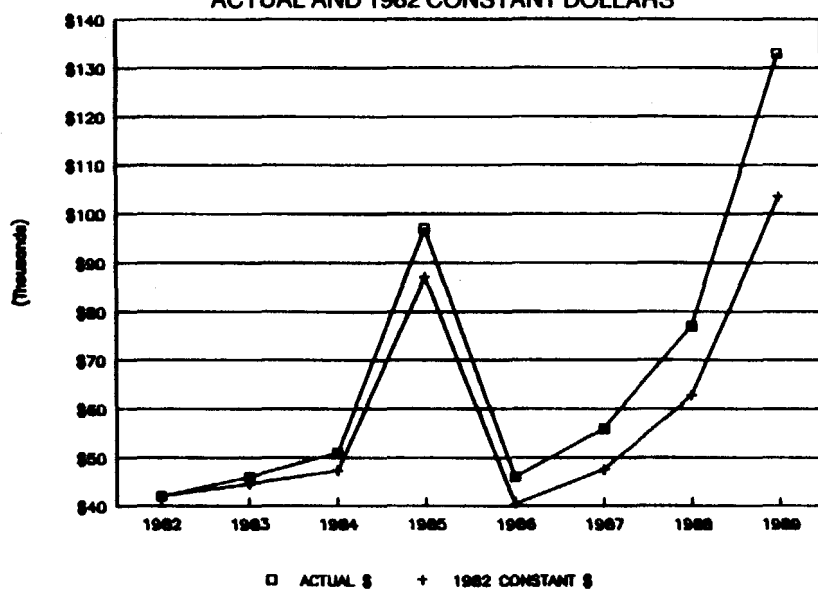
REVENUES CLASSIFIED BY SOURCE
FISCAL YEAR 1989 - DIV. III-FB



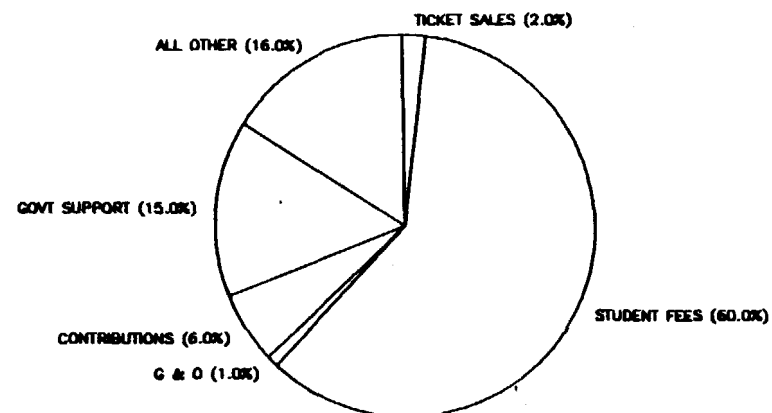
REVENUES CLASSIFIED BY SPORT
FISCAL YEAR 1989 - DIV. III-FB



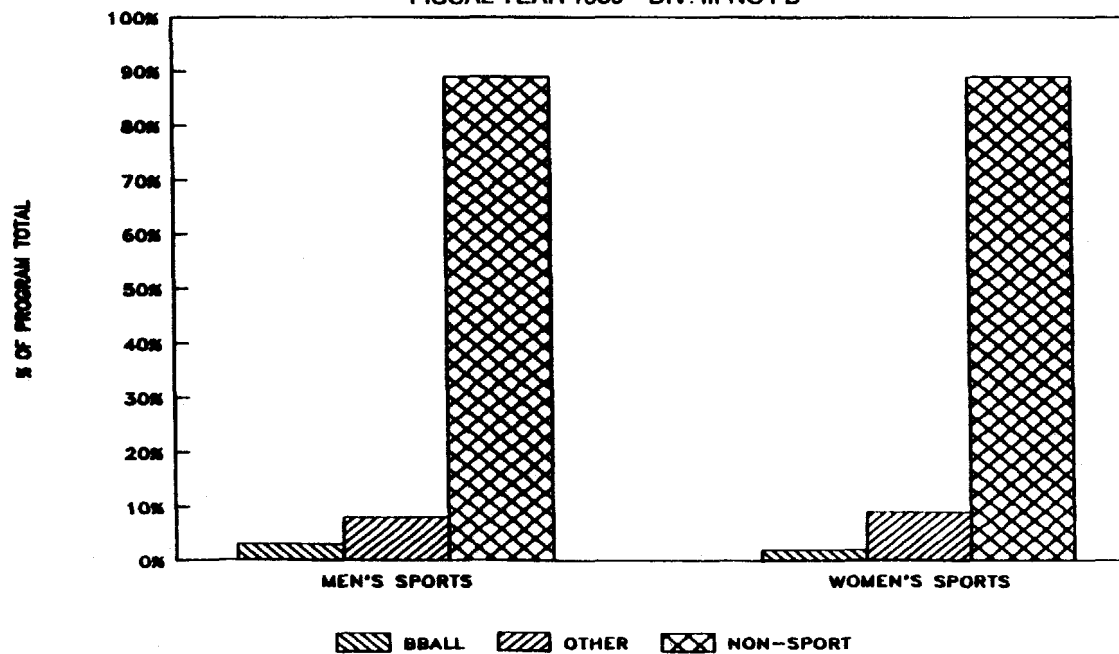
AVERAGE TOTAL REVENUES – DIV. III-NO FB
ACTUAL AND 1982 CONSTANT DOLLARS



REVENUES CLASSIFIED BY SOURCE
FISCAL YEAR 1989 – DIV. III-NO FB



REVENUES CLASSIFIED BY SPORT
FISCAL YEAR 1989 – DIV. III-NO FB



Chapter III

ANALYSIS OF EXPENSES

Operating expenses for an athletics program are the costs incurred for salaries, grants-in-aid, travel, equipment and supplies, contract game settlements

paid to opposing teams, and other disbursements required for the current operation of the athletics program.

TABLE 3.1
SUMMARY ANALYSIS OF TOTAL EXPENSES*
Fiscal Years 1982-1989
(Dollar Amounts in Thousands)

Expense Measures by Respondent Category	1982	1983	1984	1985	1986	1987	1988	1989	1986-1989 Compound Growth Rate
Division I-A									
Largest amount reported	\$11,907	\$14,565	\$16,492	\$16,532	\$16,601	\$18,950	\$20,891	\$22,102	
Average total expenses	5,054	5,728	6,256	6,894	7,441	8,093	8,724	9,646	9%
Annual percentage change (a)	6%	13%	9%	10%	8%	9%	8%	11%	
Division I-AA									
Largest amount reported	\$ 3,426	\$ 4,134	\$ 4,650	\$ 5,299	\$ 7,200	\$ 7,600	\$ 8,100	\$ 8,600	
Average total expenses	1,716	1,925	2,008	2,321	2,539	2,709	2,886	3,191	8%
Annual percentage change	28%	12%	4%	16%	9%	7%	7%	11%	
Division I-AAA									
Largest amount reported	\$ 1,782	\$ 2,092	\$ 2,064	\$ 2,356	\$ 3,852	\$ 4,149	\$ 4,555	\$ 5,420	
Average total expenses	721	790	834	1,072	1,486	1,590	1,765	1,911	9%
Annual percentage change	-12%	10%	6%	29%	39%	7%	11%	8%	
II With Football									
Largest amount reported	\$ 1,197	\$ 1,219	\$ 1,528	\$ 2,025	\$ 2,046	\$ 2,215	\$ 2,435	\$ 2,562	
Average total expenses	580	638	712	875	869	929	1,001	1,161	10%
Annual percentage change	18%	10%	12%	23%	-1%	7%	8%	16%	
II-No Football									
Largest amount reported	\$ 1,107	\$ 1,147	\$ 1,296	\$ 1,326	\$ 2,039	\$ 1,987	\$ 2,368	\$ 2,473	
Average total expenses	353	405	443	547	552	594	640	797	13%
Annual percentage change	16%	15%	9%	23%	1%	8%	8%	25%	
III With Football									
Largest amount reported	\$ 1,734	\$ 2,504	\$ 3,048	\$ 3,530	\$ 1,438	\$ 1,380	\$ 1,588	\$ 1,725	
Average total expenses	257	291	331	397	409	437	481	518	8%
Annual percentage change	-13%	13%	14%	20%	3%	7%	10%	8%	
III-No Football									
Largest amount reported	\$ 555	\$ 584	\$ 610	\$ 890	\$ 720	\$ 780	\$ 840	\$ 937	
Average total expenses	101	110	124	157	193	217	237	278	13%
Annual percentage change	-44%	9%	13%	27%	23%	12%	9%	17%	

*Unless indicated otherwise, all information in this study involves men's and women's athletics programs on a combined basis.
(a) Annual percentage change based on average total expenses.

Operating expenses should be distinguished from the term *expenditures*. As used in institutional accounting, expenditures include current operating expenses, additions to plant and equipment, and certain types of debt-service cost for principal and interest payments. This report is concerned primarily with operating expenses. The term *expenses* in this study refers to operating expenses.

Sections in this chapter analyze total operating expenses, expenses of men's and women's athletics, expenses classified by object, and expenses related to particular sports. The Expense Graphics Section at the end of this chapter summarizes important expense relationships for each respondent group.

Total Operating Expenses

Total operating expenses are analyzed in the following exhibits:

- Table 3.1—Summary Analysis of Total Expenses,

- Table 3.2—Frequency Distributions for Total Expenses,
- Table 3.3—Total Expenses of Men's and Women's Athletics Programs,
- Table 3.4—Frequency Distributions for Men's Total Expenses,
- Table 3.5—Frequency Distributions for Women's Total Expenses,
- Table 3.6—Expense Trends and General Price-Level Changes,
- Table 3.7—Estimated Aggregate Expenses,
- Table 3.8—Debt-Service Cost and Capital Expenditures, and
- Table 3.9—Forecasts of Average Total Expenses.

Total Expense Trends

Average total operating expenses and the largest amount reported for fiscal years 1982-1989 are presented in Table 3.1. Average total expenses indicate a pattern of substantial annual increases for all

TABLE 3.2
FREQUENCY DISTRIBUTIONS FOR TOTAL EXPENSES

Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 2,000	1	\$ 0	\$ 750	0	\$ 0	\$ 400	1
2,000	4,000	5	750	1,500	3	400	800	5
4,000	6,000	18	1,500	2,250	12	800	1,200	10
6,000	8,000	12	2,250	3,000	19	1,200	1,600	9
8,000	10,000	17(M)	3,000	3,750	3(M)	1,600	2,000	12(M)
10,000	12,000	11	3,750	4,500	7	2,000	2,400	5
12,000	14,000	3	4,500	5,250	5	2,400	2,800	3
14,000	16,000	7	5,250	6,000	2	2,800	3,200	6
16,000	18,000	9	6,000	6,750	1	3,200	3,600	0
18,000		4	6,750		2	3,600		5
		<u>87</u>			<u>54</u>			<u>56</u>
Std dev = \$4,785			Std dev = \$1,519			Std dev = \$1,048		
II With Football			II-No Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 250	2	\$ 0	\$ 150	0	\$ 0	\$ 100	1
250	500	6	150	300	1	100	200	14
500	750	6	300	450	4	200	300	10
750	1,000	15	450	600	8	300	400	13
1,000	1,250	4(M)	600	750	5	400	500	17
1,250	1,500	12	750	900	5(M)	500	600	12(M)
1,500	1,750	3	900	1,050	3	600	700	6
1,750	2,000	6	1,050	1,200	4	700	800	3
2,000	2,250	3	1,200	1,350	1	800	900	2
2,250		2	1,350		2	900		12
		<u>59</u>			<u>33</u>			<u>90</u>
Std dev = \$561			Std dev = \$414			Std dev = \$358		
III-No Football								
More Than	Less Than	Number				More Than	Less Than	Number
\$ 0	\$ 60	4				\$ 0	\$ 60	4
60	120	4				60	120	4
120	180	13				120	180	13
180	240	10				180	240	10
240	300	8(M)				240	300	8(M)
300	360	4				300	360	4
360	420	2				360	420	2
420	480	1				420	480	1
480	540	3				480	540	3
540		6				540		6
		<u>55</u>						<u>55</u>
Std dev = \$198								

(M) Indicates expense interval corresponding with average total expenses for 1989.

respondent groups. Annual increases in expenses are indicated in Table 3.1 by the percentage change in average total expenses. The percentage increase in average expenses between 1982 and 1989 exceeds 100 percent for all groups except Division I-A (91 percent) and I-AA (86 percent).

Table 3.1 also includes a compound annual growth rate applicable to average total expenses of each respondent group during the period 1986-1989. The compound annual growth rate is the annual percentage increase that explains the change in average total expenses for the most recent three-year period. For example, Division I-A average expenses increased from \$7,441,000 in 1986 to \$9,646,000 in 1989. The equal annual percentage growth rate that explains this increase is nine percent. As a general trend, the 1986-1989 expense growth rates are approximately two percentage points lower than comparable rates for the period 1982-1985.

Table 3.2 presents frequency distributions of the 1989 total operating expenses for each respondent group. These frequency distributions indicate the dispersion in total expenses reported by each class and are useful interpretive supplements to the average expense amounts. The frequency distributions reveal a significant range in total expenses reported by each category in 1989. For example, six Division I-A institutions reported total expenses of \$4 million or less, and four respondents in this group had

total expenses exceeding \$18 million. In general, the frequency distributions permit a specific institution to evaluate its total expenses in relation to other respondents in the same category.

The average total expenses of men's and women's athletics programs are presented in Table 3.3. Average total expenses of men's and women's athletics have increased significantly since 1981. Amounts reported for 1981 and 1985 are the expenses directly related to women's athletics. For 1989, the expenses of women's programs include a reasonable allocation of expense items that are not related directly to either men's or women's sports, such as athletics director expenses, general administration expenses and certain facility maintenance expenses. The questionnaire provided an expense allocation example. On an aggregate basis, women's athletics represented 18 percent of total operating expenses for Division I-A, ranging to a high of 46 percent for Division III-No Football. Frequency distributions for total expenses of men's and women's athletics programs are shown in Tables 3.4 and 3.5, respectively.

Evaluation of Expense Increases

The general trend of increasing annual expenses can be evaluated by comparison with the inflationary trends that prevailed during the period 1986-1989. General price-level changes or inflation affect

TABLE 3.3
TOTAL EXPENSES OF MEN'S AND WOMEN'S ATHLETICS PROGRAMS

Fiscal Years 1981-1989
(Dollar Amounts in Thousands)

Average Expenses by NCAA Division	1981	1985	1989	Percentage of 1989 Total Expenses
Division I-A				
Men's program	\$4,308	\$6,158	\$7,882	82%
Women's program	502	799	1,805	18
Division I-AA				
Men's program	1,189	1,990	2,421	76
Women's program	176	367	785	24
Division I-AAA				
Men's program	631	878	1,296	68
Women's program	188	206	618	32
II With Football				
Men's program	392	719	854	72
Women's program	101	155	325	28
II-No Football				
Men's program	232	418	523	63
Women's program	72	148	296	37
III With Football				
Men's program	249	339	351	68
Women's program	48	65	168	32
III-No Football				
Men's program	144	154	179	54
Women's program	37	37	133	46

the comparability of expense trends over time. Over a period of years, inflation will cause increased annual expenses for an athletics program that perhaps experienced no real increase in the quantity of goods and services used.

The most frequently used measure of general price-level changes in the United States is the Consumer Price Index for All Urban Consumers (CPI-U). During the period 1986-1989, the average CPI-U increased 13 percent, which is equal to an annual increase of 4.4 percent in the general price level. Accordingly, an athletics program with an annual growth rate of four percent would demonstrate a pattern of increasing expenses that corresponded with general inflationary trends during the period

The inflation-adjusted base-year ratio in Table 3.6 indicates the cumulative change in average total expenses based on a constant dollar measure using the average price level during 1986. Restatement of average expenses in constant dollars eliminates the inflationary effect that was partly responsible for expense increases measured in actual dollars. Since the adjusted base-year ratio involves a constant price level, it measures the real increases in expenses incurred by athletics programs. If inflation had caused all increases in operating expenses, then the inflation-adjusted base-year ratio would be 100 percent for each year between 1986 and 1989.

Base-year ratios in Table 3.6 should be interpreted as follows. For Division I-A, 1989 average

that increased more rapidly than the general price level.

During the period 1986-1989, a 13 percent increase in average total expenses would be considered normal if operating expenses increased at a rate equal to general price-level changes measured by the Consumer Price Index. For 1989, the actual base-year ratio of each respondent group is greater than 113 percent, which indicates that expense increases for all respondent categories exceeded changes in the general price level. Thus, inflation is not the only factor responsible for increases in total operating expenses.

Expense Estimates and Forecasts

To measure the general economic significance of athletics programs, aggregate total expenses of all NCAA member institutions in fiscal year 1989 are estimated in Table 3.7. The estimate of aggregate total operating expenses incurred by all NCAA members during 1989 is \$1.83 billion. This estimate assumes that the respondents from each class are a representative sample. The estimate was deter-

mined by multiplying average expenses of each category by the number of members and summing the computed amounts. The estimated aggregate expenses of \$1.83 billion are 53 percent more than the comparable estimate of \$1.2 billion for fiscal year 1985.

In reporting total operating expenses, respondents were directed to exclude interest and principal payments on long-term debt and capital expenditures for physical-plant facilities. Expenditures for debt-service cost and acquisition of plant assets were reported separately and are summarized in Table 3.8. In 1989, average debt-service cost and capital expenditures combined ranged from \$10,000 for Division II-No Football to \$1,244,000 in Division I-A. It is significant to note the percentage of respondents that reported debt-service cost and capital expenditures. In Division I-A, 55 percent of respondents reported these expenditures in 1989. In general, 25 percent or less of respondents in all other classes reported debt-service cost and capital expenditures. These expenditures are not included in operating expenses described elsewhere in this

TABLE 3.5
FREQUENCY DISTRIBUTIONS FOR WOMEN'S TOTAL EXPENSES
Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 400	1	\$ 0	\$ 150	1	\$ 0	\$ 150	1
400	800	10	150	300	4	150	300	8
800	1,200	16	300	450	11	300	450	11
1,200	1,600	23	450	600	7	450	600	11
1,600	2,000	9(M)	600	750	11	600	750	9(M)
2,000	2,400	4	750	900	6(M)	750	900	5
2,400	2,800	3	900	1,050	2	900	1,050	2
2,800	3,200	10	1,050	1,200	0	1,050	1,200	1
3,200	3,600	5	1,200	1,350	3	1,200	1,350	5
3,600		4	1,350		8	1,350		2
		<u>85</u>			<u>53</u>			<u>55</u>
II With Football			II-No Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 75	3	\$ 0	\$ 50	0	\$ 0	\$ 30	6
75	150	4	50	100	1	30	60	10
150	225	13	100	150	4	60	90	11
225	300	10	150	200	3	90	120	8
300	375	10(M)	200	250	8	120	150	8
375	450	3	250	300	2(M)	150	180	17(M)
450	525	6	300	350	4	180	210	7
525	600	6	350	400	5	210	240	4
600	675	1	400	450	2	240	270	1
675		2	450		3	270		13
		<u>58</u>			<u>32</u>			<u>85</u>
III-No Football								
More Than	Less Than	Number						
\$ 0	\$ 30	3						
30	60	7						
60	90	13						
90	120	5						
120	150	9(M)						
150	180	2						
180	210	1						
210	240	3						
240	270	1						
270		5						
		<u>49</u>						

(M) Indicates interval corresponding with average women's total expenses for 1989.

study.

Based upon analysis of past expense trends, forecasts of average total expenses were developed for each respondent category. Forecasts of average total expenses for fiscal years 1990 through 1993 are presented in Table 3.9. The forecasts assume that economic and institutional factors influencing past trends will continue to affect future expenses. The predictive accuracy of these forecasts cannot be assured, but the estimates provide useful information about potential operating expenses that must be financed in future years.

Expenses Classified by Object

A classification of operating expenses by object describes the nature of goods and services acquired and is independent of the activity or function in which the goods and services are utilized. As summarized in Table 3.10, the percentage composition of total operating expenses is explained substantially by the following object classifications:

- Grants-in-aid;
- Guarantees and options paid;
- Salaries, wages and fringe benefits;
- Team travel, scouting and recruiting, and
- Equipment, uniforms and supplies.

Major Expense Classifications

The five major expense categories for fiscal years 1985 and 1989 are analyzed in Table 3.10. In fiscal year 1989, these five expense classifications generally accounted for 75 percent of total operating expenses in both men's and women's athletics pro-

TABLE 3.7
ESTIMATED AGGREGATE EXPENSES

Fiscal Year 1989
(Dollar Amounts in Thousands)

NCAA Division	Number of Members	Average Total Expenses 1989	Estimated Aggregate Expenses
Division I-A	106	\$9,646	\$1,022,476*
Division I-AA	89	3,191	283.999
Division I-AAA	99	1,911	189.189
II With Football	116	1,161	134.676
II-No Football	77	797	61.369
III With Football	213	518	110.334
III-No Football	103	278	28.634
	803		\$1,830.677

*(106 × \$9,646 = \$1,022,476)

TABLE 3.6
EXPENSE TRENDS AND GENERAL PRICE-LEVEL CHANGES
Fiscal Years 1986-1989

Average Total Expenses as a Percentage of 1986 Average Expenses	1986	1987	1988	1989
Average Price-Level Index (a)	100%	104%	108%	113%
Division I-A				
Actual base-year ratio (b)	100%	109%	117%	130%
Inflation-adjusted ratio (c)	100	105	108	115
Division I-AA				
Actual base-year ratio	100	107	114	126
Inflation-adjusted ratio	100	103	106	112
Division I-AAA				
Actual base-year ratio	100	107	119	129
Inflation-adjusted ratio	100	103	110	114
II With Football				
Actual base-year ratio	100	107	116	134
Inflation-adjusted ratio	100	103	107	119
II-No Football				
Actual base-year ratio	100	108	116	144
Inflation-adjusted ratio	100	104	107	127
III With Football				
Actual base-year ratio	100	107	118	127
Inflation-adjusted ratio	100	103	109	112
III-No Football				
Actual base-year ratio	100	112	123	144
Inflation-adjusted ratio	100	108	114	127

(a) Average Consumer Price Index restated such that 1986 = 100 percent.

(b) Average total expenses as a percentage of 1986 expenses with no adjustment for inflation.

(c) Revised base-year ratio using average total expenses stated in terms of the average price level during 1986.

grams. The relative significance of specific operating expenses differs among the respondent categories. Guarantees and options are a significant expense only for the Division I-A group. Consistent with the differences between Division II and Division III institutions, grants-in-aid to student-athletes are a more significant expense for Division II institutions. For all respondent categories, the percentage composition of men's total expenses classified by object was relatively constant between 1985 and 1989. For men's athletics, the most prevalent

in the "All Other Expenses" category, which could include insurance, certain facility-maintenance costs and general overhead expenses of the athletics department. Women's expenses classified by object were not available for 1985.

Inclusiveness of Expenses

For all respondent categories, grants-in-aid and salary payments on a combined basis were the most significant operating expenses when measured as a

these two expense classifications combined accounted for the following percentages of total expenses:

1989 Grants-in-Aid and Salaries Combined	Men's Athletics	Women's Athletics
I-A	38%	48%
I-AA	55	61
I-AAA	54	62
II With FB	59	57
II-No FB	60	62
III With FB	49	48
III-No FB	41	46

The comparability of reported expenses is affected by different accounting practices for the inclusion of grants-in-aid and salaries in expenses

of the athletics program. In some cases, salaries are paid from institutional funds not controlled by the athletics department and the resulting amounts may not be included in expenses of the athletics program. A number of institutions that award grants-in-aid to participating athletes do not report these costs as operating expenses of the athletics program because the amounts are paid by institutional funds outside the control of the athletics department. Many institutions do not award grants-in-aid and do not incur this expense item.

With regard to grants-in-aid, the following questionnaire response summary indicates the inclusiveness and relative comparability of expenses analyzed in this study.

TABLE 3.10
OPERATING EXPENSES CLASSIFIED BY OBJECT OF EXPENDITURE
Fiscal Years 1985 and 1989
(Dollar Amounts in Thousands)

Average Expense and Percentage of Program Expenses	Grants-in-Aid		Guarantees and Options		Salaries and Wages		Team and Other Travel		Equipment and Supplies		All Other Expenses	
	Mean	Percent	Mean	Percent	Mean	Percent	Mean	Percent	Mean	Percent	Mean	Percent
Division I-A												
Men's program-1985	\$1,015	16%	\$656	9%	\$1,810	29%	\$727	12%	\$267	4%	\$1,883	30%
Men's program-1989	1,248	15	741	9	1,804	23	789	10	299	4	3,107	39
Women's program-1989	447	24	12	*	441	24	215	12	56	3	665	37
Total program-1989	1,690	17	738	7	2,240	23	1,002	10	354	4	3,765	39
Division I-AA												
Men's program-1985	556	23	70	3	699	34	252	12	132	6	482	22
Men's program-1989	667	26	69	3	734	29	287	12	126	5	600	25
Women's program-1989	236	28	5	*	258	33	99	12	34	4	180	23
Total program-1989	898	26	71	2	988	31	385	12	159	5	774	24
Division I-AAA												
Men's program-1985	255	27	27	3	262	29	121	14	50	6	204	21
Men's program-1989	361	27	33	2	353	27	170	13	59	5	336	26
Women's program-1989	234	37	11	*	150	25	74	12	27	4	138	22
Total program-1989	590	30	36	2	501	27	245	13	86	4	472	25
II With Football												
Men's program-1985	235	29	19	1	226	29	105	14	64	8	145	19
Men's program-1989	254	28	18	1	282	31	105	12	58	7	182	21
Women's program-1989	85	24	2	*	117	33	46	14	19	6	78	23
Total program-1989	338	27	18	1	396	32	151	12	77	6	257	22
II-No Football												
Men's program-1985	135	30	13	2	167	32	71	15	33	7	65	14
Men's program-1989	185	33	16	2	150	27	63	12	27	5	117	21
Women's program-1989	110	35	13	1	86	27	34	11	12	4	71	22
Total program-1989	289	34	20	2	231	27	95	11	38	5	184	21
III With Football												
Men's program-1985	206	9	7	*	198	40	64	17	44	12	80	22
Men's program-1989	245	2	3	*	221	47	67	18	39	10	91	23
Women's program-1989	34	*	0	0	109	48	35	19	17	9	46	24
Total program-1989	262	1	3	*	325	47	102	18	55	10	136	24
III-No Football												
Men's program-1985	92	5	2	*	126	48	37	17	22	11	40	19
Men's program-1989	138	2	2	*	78	39	30	17	19	11	55	31
Women's program-1989	0	0	2	*	67	46	23	18	14	10	34	26
Total program-1989	138	1	3	*	130	42	48	17	29	11	80	29

*Less than 1 percent

(Part I, Question 7) "Does your institution award grants-in-aid to student-athletes?"

"Yes" Replies	I-A	I-AA	I-AAA	II-FB	No II-FB	III-FB	No III-FB
1989 survey	97%	96%	98%	97%	97%	2%	3%
1985 survey	96	93	100	92	100	16	12

The respondents actually reporting grant-in-aid expenses approximate the percentage of institutions that award grants. Likewise, a substantial majority of each respondent group reported salary expenses. Thus, expense analysis in this study is based primarily upon institutions that include sala-

TABLE 3.11
TOTAL OPERATING EXPENSES CLASSIFIED BY SPORT

Fiscal Years 1985 and 1989
(Dollar Amounts in Thousands)

MEN'S ATHLETICS PROGRAMS

Average Expense Amounts and Percentage of Men's Total Expenses	Football Expenses		Basketball Expenses		Expenses From Other Sports		Expenses Not Related to Specific Sports	
	Average	Percent	Average	Percent	Average	Percent	Average	Percent
Division I-A								
Fiscal year 1985	\$2,391	39%	\$621	10%	\$ 935	15%	\$2,214	36%
Fiscal year 1989	3,112	39	948	12	1,084	14	2,814	35
Division I-AA								
Fiscal year 1985	751	38	263	13	503	25	490	24
Fiscal year 1989	967	39	401	17	452	19	624	25
Division I-AAA								
Fiscal year 1985	NA		314	36	337	38	272	26
Fiscal year 1989	238	4	487	38	377	29	410	29
II With Football								
Fiscal year 1985	245	34	117	16	177	25	183	25
Fiscal year 1989	331	39	125	14	196	23	212	24
II-No Football								
Fiscal year 1985	NA		132	32	183	40	125	28
Fiscal year 1989	NA		134	26	216	40	192	34
III With Football								
Fiscal year 1985	62	18	52	16	140	39	112	27
Fiscal year 1989	75	21	36	10	104	29	155	40
III-No Football								
Fiscal year 1985	NA		25	18	68	47	60	35
Fiscal year 1989	NA		25	14	91	49	71	37

WOMEN'S ATHLETICS PROGRAMS

Average Expense Amounts for 1989 and Percentage of Women's Total Expenses	Basketball Expenses		Expenses From Other Sports		Expenses Not Related to Specific Sports	
	Average	Percent	Average	Percent	Average	Percent
Division I-A	\$301	16%	\$799	45%	\$749	39%
Division I-AA	177	22	372	47	257	31
Division I-AAA	182	28	244	39	226	33
II With Football	83	26	144	44	103	30
II-No Football	84	28	125	43	96	29
III With Football	22	13	69	41	90	46
III-No Football	18	12	58	43	63	45

TABLE 3.12
ANALYSIS OF TRENDS IN FOOTBALL EXPENSES

Fiscal Years 1981-1989
(Dollar Amounts in Thousands)

Expense Measures by NCAA Division	1981	1985	1989
Division I-A			
Largest amount reported	\$4,206	\$6,000	\$8,387
Average football expenses	1,769	2,391	3,112
Percentage of men's total expenses	41%	39%	39%
Division I-AA			
Largest amount reported	\$ 938	\$1,579	\$1,998
Average football expenses	450	751	967
Percentage of men's total expenses	38%	38%	39%
II With Football			
Largest amount reported	\$ 467	\$ 558	\$ 993
Average football expenses	123	245	331
Percentage of men's total expenses	34%	34%	39%
III With Football			
Largest amount reported	\$ 158	\$ 190	\$ 254
Average football expenses	42	62	75
Percentage of men's total expenses	17%	18%	21%

TABLE 3.13
FREQUENCY DISTRIBUTIONS FOR FOOTBALL EXPENSES

Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA		
More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 750	1	\$ 0	\$ 200	0
750	1,500	14	200	400	1
1,500	2,250	16	400	600	6
2,250	3,000	17	600	800	16
3,000	3,750	17(M)	800	1,000	11(M)
3,750	4,500	7	1,000	1,200	8
4,500	5,250	5	1,200	1,400	5
5,250	6,000	2	1,400	1,600	3
6,000	6,750	2	1,600	1,800	0
6,750		5	1,800		4
		<u>86</u>			<u>54</u>
II With Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 75	5	\$ 0	\$ 15	1
75	150	7	15	30	9
150	225	11	30	45	14
225	300	6	45	60	17
300	375	4(M)	60	75	13
375	450	11	75	90	6(M)
450	525	4	90	105	13
525	600	4	105	120	2
600	675	4	120	135	2
675		2	135		10
		<u>58</u>			<u>87</u>

(M) Indicates interval corresponding with average football expenses for 1989.

ries and grants-in-aid (if awarded) in expenses of the athletics program.

Grants-in-Aid Expenses

In the questionnaire for this study, grant-in-aid was defined as follows:

"Any institutionally administered financial aid awarded to a student who has been recruited on the basis of athletics ability, or any athletically related financial aid provided to a student-athlete regardless of recruitment."

Average annual grant-in-aid expenses for men's and women's athletics programs are summarized in Table 3.10. The number of full grants awarded and the average annual cost of a full grant-in-aid are shown in Table 3.17. For all respondent groups, average total grant-in-aid expenses for men's athletics increased between 1985 and 1989. Information concerning grant-in-aid expenses for women's athletics in 1985 was not available for comparison. With the exception of Division III institutions, all

respondent groups showed increases in the number of full grants-in-aid awarded in the men's athletics program. The average annual cost of a full grant-in-aid increased significantly between 1985 and 1989 for all respondent groups.

The increases in total grant-in-aid expenses between 1985 and 1989 were caused by an increase in the annual cost of a full grant and, in most cases, an increase in the number of full grants awarded. The following tabulation summarizes the general relationships that explain the change in total grant-in-aid (GIA) expenses for men's athletics between 1985 and 1989.

Men's Athletics Programs	Percentage Change Between 1985 and 1989		
	Full Grants Awarded	Cost of Full Grant	Average Total GIA Expenses
I-A	+ 21%	+ 28%	+ 23%
I-AA	+ 30	+ 16	+ 20
I-AAA	+ 90	+ 40	+ 42
II With FB ..	+ 129	+ 24	+ 8
II-No FB ..	+ 92	+ 43	+ 37
III With FB ..	- 16	+ 73	+ 19
III-No FB ..	- 8	+ 101	+ 50

TABLE 3.14
ANALYSIS OF TRENDS IN BASKETBALL EXPENSES
Fiscal Years 1981-1989
(Dollar Amounts in Thousands)

Expense Measures by NCAA Division	Men's Athletics Programs			Women's Athletics Programs	
	1981	1985	1989	1985	1989
Division I-A					
Largest amount reported	\$1,184	\$1,684	\$4,522	\$553	\$825
Average basketball expenses	405	621	948	195	301
Percentage of program's total expenses ...	9%	10%	12%	24%	16%
Division I-AA					
Largest amount reported	\$ 407	\$ 444	\$1,000	\$271	\$357
Average basketball expenses	166	263	401	105	177
Percentage of program's total expenses ...	14%	13%	17%	28%	22%
Division I-AAA					
Largest amount reported	\$ 698	\$ 744	\$1,480	\$276	\$490
Average basketball expenses	273	314	487	88	182
Percentage of program's total expenses ...	43%	36%	38%	38%	28%
II With Football					
Largest amount reported	\$ 205	\$ 562	\$ 243	\$120	\$188
Average basketball expenses	54	117	125	46	83
Percentage of program's total expenses ...	15%	16%	14%	30%	26%
II-No Football					
Largest amount reported	\$ 226	\$ 287	\$ 222	\$336	\$201
Average basketball expenses	71	132	134	66	84
Percentage of program's total expenses ...	32%	32%	26%	39%	28%
III With Football					
Largest amount reported	\$ 553	\$ 464	\$ 233	\$131	\$117
Average basketball expenses	47	52	36	16	22
Percentage of program's total expenses ...	18%	18%	10%	21%	19%

The general conclusion is that substantial increases in total grant-in-aid expenses were caused by increases in the annual cost of a full grant. To the extent that this comparison relies upon independent averages for these factors, total grant-in-aid expenses do not seem to reflect the full impact of both more grants and a higher cost per grant.

The following response summaries to questions regarding grant-in-aid expenses tend to confirm the general conclusion stated above. Respondents were asked to indicate the factors that significantly were responsible for increased annual operating expenses since 1985. The response summaries are limited to those institutions in Divisions I and II that awarded grants-in-aid (Part I, Questions 8d, 8f, 8l).

	I-A	I-AA	I-AAA	II-FB	II-No
Percentage awarding grants ...	97%	96%	98%	97%	97%

	I-A	I-AA	I-AAA	II-FB	II-No
Cost factors considered significant:					
Increased number of grants awarded in men's sports ...	29%	28%	67%	40%	53%
Increased annual cost of a full grant	99	96	93	84	94
Increased number of grants awarded in women's sports	61	62	95	62	75

The prevalent response is that increases in the annual cost of a full grant were responsible for resulting increases in total grant-in-aid expenses.

Expenses Related to Specific Sports

Expenses related to specific sports tend to indicate areas of emphasis within an athletics program and provide a measure of resource allocation. Spe-

TABLE 3.15
FREQUENCY DISTRIBUTIONS FOR MEN'S BASKETBALL EXPENSES

Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 200	2	\$ 0	\$ 100	0	\$ 0	\$ 100	1
200	400	10	100	200	8	100	200	6
400	600	14	200	300	13	200	300	10
600	800	16	300	400	9	300	400	10
800	1,000	11(M)	400	500	11(M)	400	500	5(M)
1,000	1,200	12	500	600	6	500	600	9
1,200	1,400	5	600	700	3	600	700	6
1,400	1,600	6	700	800	0	700	800	1
1,600	1,800	2	800	900	1	800	900	0
1,800		7	900		3	900		7
		<u>85</u>			<u>54</u>			<u>55</u>

II With Football			II-No Football			III With Football			III-No Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 30	4	\$ 0	\$ 25	2	\$ 0	\$ 6	1	\$ 0	\$ 5	0
30	60	5	25	50	2	6	12	10	5	10	9
60	90	8	50	75	1	12	18	15	10	15	6
90	120	13	75	100	0	18	24	12	15	20	5
120	150	6(M)	100	125	7	24	30	11	20	25	7(M)
150	180	9	125	150	6(M)	30	36	9(M)	25	30	5
180	210	6	150	175	4	36	42	3	30	35	4
210	240	5	175	200	4	42	48	5	35	40	0
240	270	1	200	225	5	48	54	6	40	45	0
270		0	225		0	54		14	45		6
		<u>57</u>			<u>31</u>			<u>86</u>			<u>42</u>

(M) Indicates interval corresponding with average men's basketball expenses for 1989.

cific sports are the major organizational units or economic segments comprising an athletics program. It is important to evaluate the expenses directly related to major sports and the percentage composition of total expenses classified by sport. Many expense items benefit more than one sport and are therefore common to several activities. Maintenance expenses, utilities, program administration, office supplies, certain salaries and communication expenses are examples of expenses that usually cannot be identified with specific sports. For purposes of measuring resource allocation, respondents were instructed that general and administrative expenses should not be allocated or apportioned to various sports.

In reporting total operating expenses directly related to particular sports, respondents were directed to include grants-in-aid, salaries, travel, equipment and all other expenses clearly identifiable with each sport. Respondents reported total operating expenses related to men's and women's athletics programs, which required a reasonable allocation of general overhead costs to each program. Within each program, respondents disclosed

expenses directly related to football (men's program), basketball and all other sports combined and the residual amount of expenses not related to specific sports. Average expenses classified by sport and their percentage relationship to total expenses are summarized in Table 3.11 for fiscal years 1985 and 1989.

In fiscal year 1989, expenses related directly to specific men's sports accounted for an average of 68 percent of total expenses for men's athletics. For 1989, expenses related to various sports represented an average of 64 percent of total expenses for women's athletics. These relationships can be used to measure the level of general overhead costs incurred by an athletics program. If 68 percent of total expenses are related directly to various sports, then 32 percent of total expenses represent general overhead or administrative expenses. Between 1985 and 1989, the percentage composition of total expenses classified by sport did not change significantly for men's athletics programs. Comparable information for women's athletics programs in 1985 was not available for comparison.

TABLE 3.16
FREQUENCY DISTRIBUTIONS FOR WOMEN'S BASKETBALL EXPENSES

Fiscal Year 1989
(Dollar Amounts in Thousands)

Division I-A			Division I-AA			Division I-AAA		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 75	1	\$ 0	\$ 40	0	\$ 0	\$ 40	3
75	150	6	40	80	1	40	80	3
150	225	18	80	120	8	80	120	8
225	300	19	120	160	16	120	160	9
300	375	21(M)	160	200	12(M)	160	200	10(M)
375	450	9	200	240	6	200	240	7
450	525	5	240	280	4	240	280	6
525	600	1	280	320	1	280	320	2
600	675	1	320	360	3	320	360	1
675		1	360		0	360		3
		<u>82</u>			<u>51</u>			<u>52</u>
II With Football			II-No Football			III With Football		
More Than	Less Than	Number	More Than	Less Than	Number	More Than	Less Than	Number
\$ 0	\$ 20	4	\$ 0	\$ 20	3	\$ 0	\$ 5	1
20	40	9	20	40	4	5	10	17
40	60	9	40	60	7	10	15	21
60	80	6	60	80	4	15	20	12
80	100	12(M)	80	100	3(M)	20	25	7(M)
100	120	6	100	120	4	25	30	7
120	140	4	120	140	1	30	35	3
140	160	5	140	160	3	35	40	6
160	180	2	160	180	0	40	45	2
180		1	180		3	45		6
		<u>58</u>			<u>32</u>			<u>82</u>
III-No Football								
More Than	Less Than	Number						
\$ 0	\$ 4	2						
4	8	9						
8	12	6						
12	16	5						
16	20	5(M)						
20	24	4						
24	28	2						
28	32	4						
32	36	4						
36		3						
		<u>44</u>						

(M) Indicates interval corresponding with average women's basketball expenses for 1989.

Analysis of Football Expenses

Expenses related to football are analyzed in the following exhibits:

- Table 3.12—Analysis of Trends in Football Expenses, and
- Table 3.13—Frequency Distributions for Football Expenses.

Between 1981 and 1989, average annual football expenses increased significantly for Divisions I, II and III as shown by the trend analysis in Table 3.12. In relationship to total expenses, however, football expenses have declined on a percentage basis since 1977. In relative terms, the annual growth rate for average football expenses was less than the annual growth rate for average total expenses between 1977 and 1989. While the amount of football expenses at most institutions has increased annually, the annual rate of change was less than the growth rate for total expenses related to men's athletics. During the period 1977-1989, the percentage of football expenses to total men's expenses decreased.

Football expenses for 1989 are summarized with frequency distributions in Table 3.13. For 1989, there was a wide range of football expenses reported by each respondent category. For Division I-A, 56 percent of respondents reported football expenses of

\$3 million or less. In Division I-AA, 63 percent of institutions reported football expenses of \$1 million or less. In Division II, 50 percent of respondents had football expenses of \$300,000 or less.

Analysis of Basketball Expenses

Expenses related to basketball are analyzed in the following exhibits:

- Table 3.14—Analysis of Trends in Basketball Expenses,
- Table 3.15—Frequency Distributions for Men's Basketball Expenses, and
- Table 3.16—Frequency Distributions for Women's Basketball Expenses.

Between 1981 and 1989, average men's basketball expenses increased substantially for most respondent groups, as shown in Table 3.14. For Divisions I-A and I-AA, basketball expenses have increased as a percentage of men's total expenses. Between 1985 and 1989, average women's basketball expenses showed significant increases. Frequency distributions for 1989 basketball expenses are shown in Table 3.15 for men's basketball and Table 3.16 for women's basketball.

Summary

Average total operating expenses of intercolle-

TABLE 3.17
ORGANIZATION AND ACTIVITY DATA

Fiscal Years 1985 and 1989
(Dollar Amounts in Thousands)

Average Measures for Organization and Activity Data	I-A	I-AA	I-AAA	Division II		Division III	
				With FB	No FB	With FB	No FB
Number of participating athletes							
Men's program-1989	335	260	150	229	104	263	137
Men's program-1985	352	363	175	271	151	297	175
Women's program-1989	136	109	88	104	73	128	108
Women's program-1985	126	146	61	102	70	101	95
Number of varsity sports offered							
Men's program-1989	10	9	8	8	6	10	7
Men's program-1985	11	13	12	10	9	12	10
Women's program-1989	8	8	7	6	6	8	7
Women's program-1985	8	9	6	7	5	7	6
Number of coaching personnel							
Men's program-1989	23	15	8	8	4	7	4
Men's program-1985	23	17	7	9	5	7	5
Women's program-1989	11	7	5	4	3	4	3
Number of full-time equivalent noncoaching personnel-1989	50	16	11	6	5	5	3
Number of full grants-in-aid awarded							
Men's program-1989	147	105	38	48	23	16	11
Men's program-1985	121	81	20	21	12	19	12
Women's program-1989	62	39	26	18	15	5	0
Annual cost of a full grant-in-aid							
Fiscal year 1989	\$7,731	\$6,672	\$9,838	\$6,034	\$8,690	\$15,167	\$15,000
Fiscal year 1985	6,041	5,733	7,026	4,852	6,072	8,749	7,473

giate athletics programs increased substantially during the four-year period ending in fiscal year 1989. During the period 1986-1989, compound annual growth rates for total expenses ranged from eight percent to 13 percent. For the same period, a 13 percent cumulative increase in average total expenses would be expected if operating expenses had increased at a rate equal to inflationary trends measured by the Consumer Price Index. Average total expenses of all respondent groups increased by more than 13 percent between 1986 and 1989. After adjustment for inflation, all respondent groups showed a real increase in average total expenses between 1986 and 1989, ranging from 12 percent to 27 percent. Estimated aggregate expenses of all NCAA member institutions in 1989 were \$1.83 billion for men's and women's athletics on a combined

basis.

The major types of operating expenses classified by object are grants-in-aid, guarantees and options paid, salaries, travel, and equipment. For fiscal year 1989, grants-in-aid and salaries on a combined basis accounted for approximately 50 percent of total operating expenses in both men's and women's athletics programs. In 1989, expenses directly related to various sports accounted for approximately 68 percent of total expenses for men's athletics and 64 percent of total women's expenses. As a percentage of total men's expenses, expenses directly related to football have decreased on a relative basis since 1977. As shown in Table 3.17, the number of participating athletes and number of varsity sports generally declined between 1985 and 1989.

Expense Graphics Section

There is one page of expense graphs for each respondent category. Each graph and related sources of data are described below.

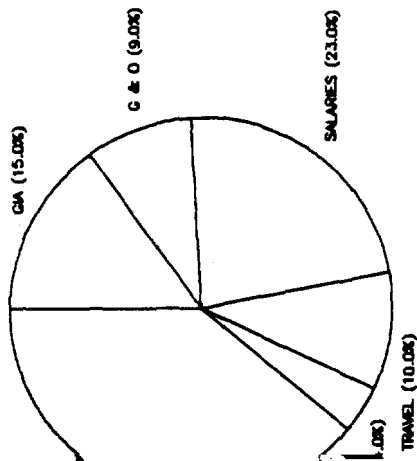
Average Total Expenses, 1982-1989 (line chart)
Amounts shown, in actual dollars and 1982 constant dollars. Data source: Table 3.1

Expenses of Men's Athletics, 1989 (pie chart) Data source: Table 3.10

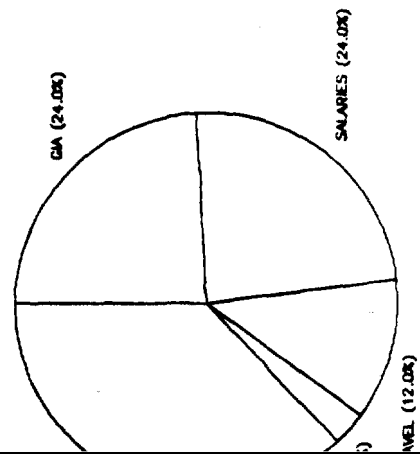
Expenses of Women's Athletics, 1989 (pie chart) Data source: Table 3.10

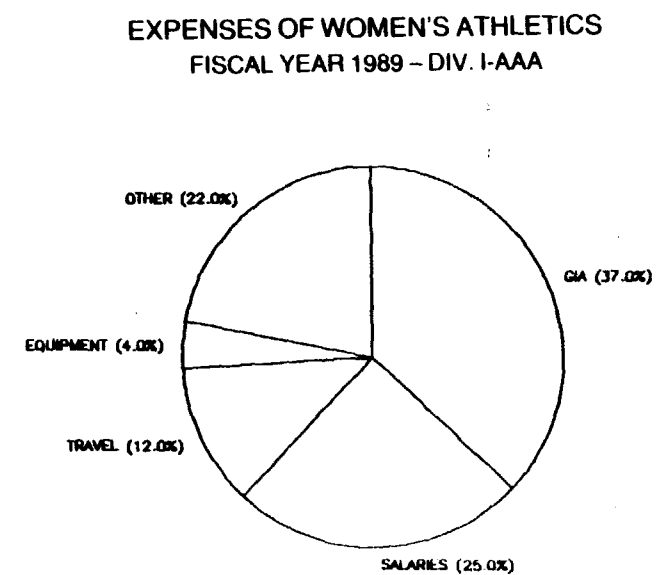
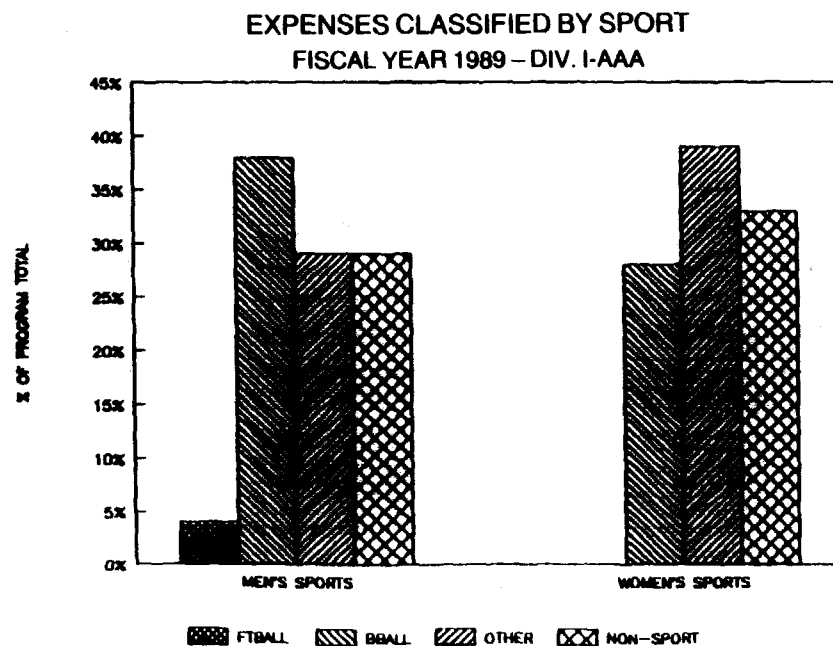
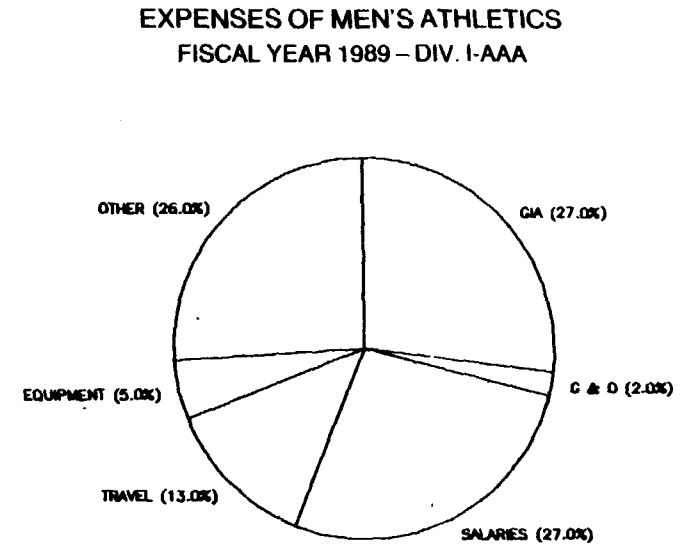
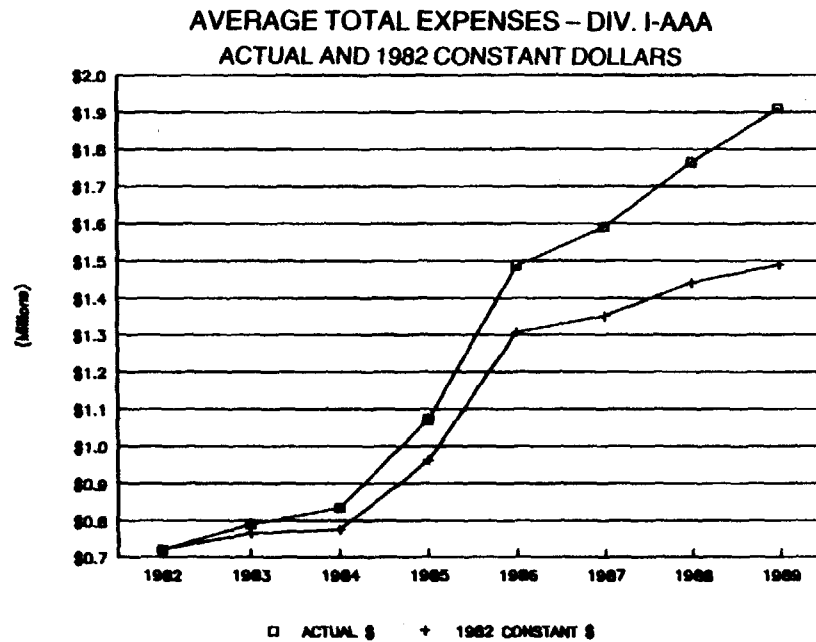
Expenses Classified by Sport — Men's and Women's Athletics, 1989 (bar chart) Data source: Table 3.11

EXPENSES OF MEN'S ATHLETICS
FISCAL YEAR 1989 — DIV. I-A

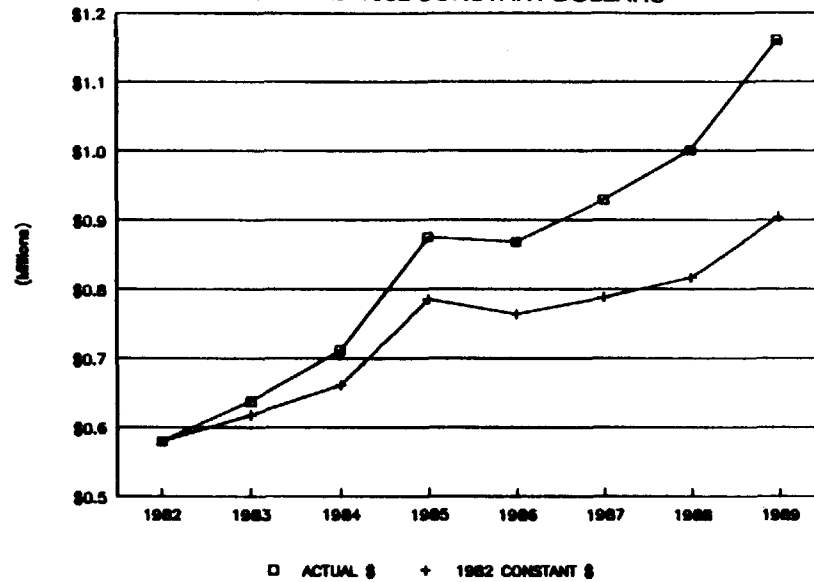


EXPENSES OF WOMEN'S ATHLETICS
FISCAL YEAR 1989 — DIV. I-A

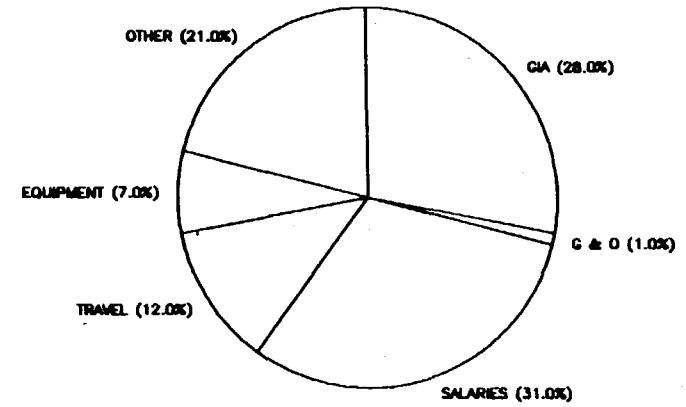




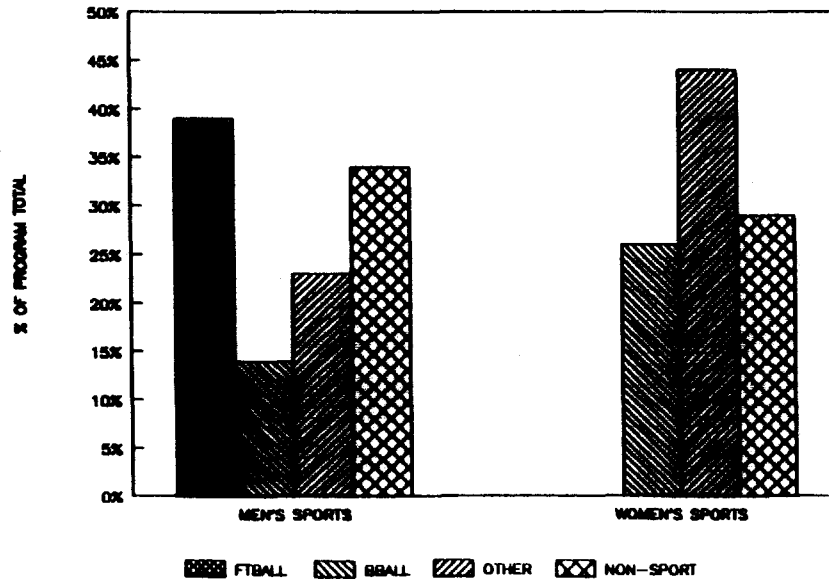
AVERAGE TOTAL EXPENSES – DIV. II-FB
ACTUAL AND 1982 CONSTANT DOLLARS



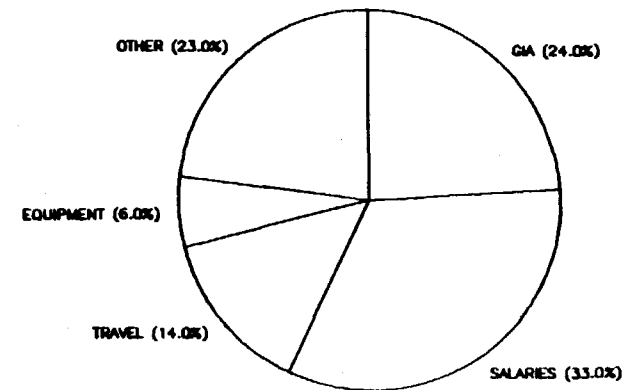
EXPENSES OF MEN'S ATHLETICS
FISCAL YEAR 1989 – DIV. II-FB



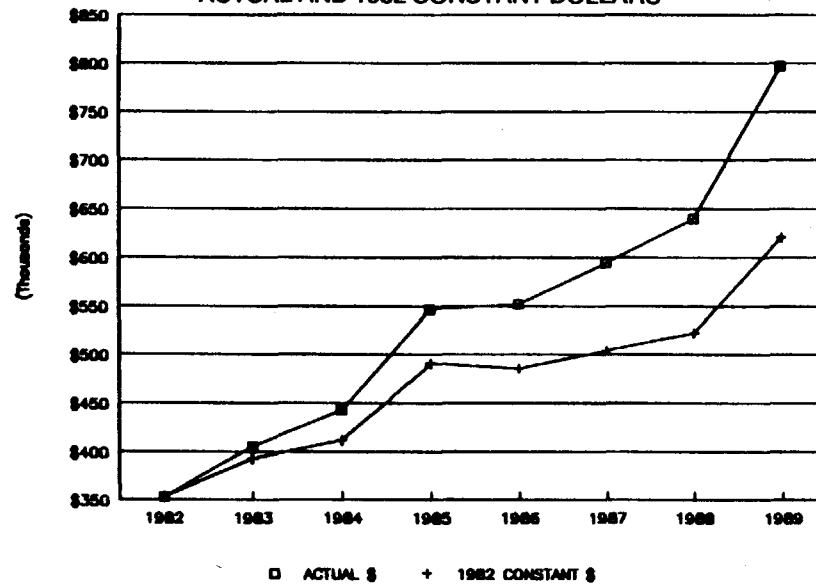
EXPENSES CLASSIFIED BY SPORT
FISCAL YEAR 1989 – DIV. II-FB



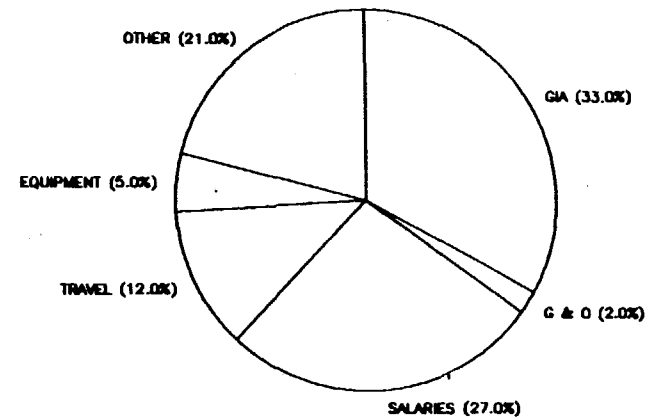
EXPENSES OF WOMEN'S ATHLETICS
FISCAL YEAR 1989 – DIV. II-FB



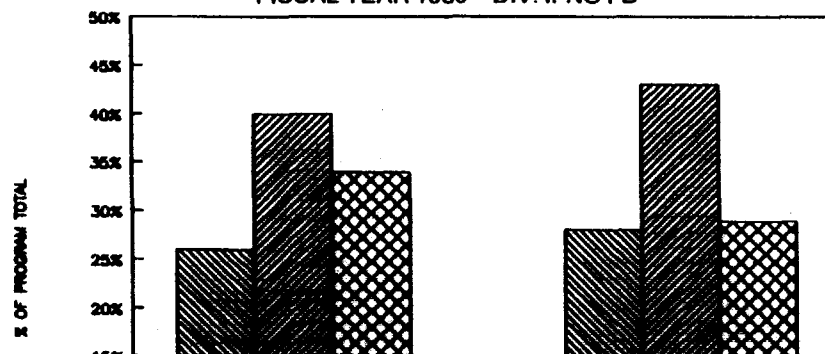
AVERAGE TOTAL EXPENSES – DIV. II-NO FB
ACTUAL AND 1982 CONSTANT DOLLARS



EXPENSES OF MEN'S ATHLETICS
FISCAL YEAR 1989 – DIV. II-NO FB



EXPENSES CLASSIFIED BY SPORT
FISCAL YEAR 1989 – DIV. II-NO FB



EXPENSES OF WOMEN'S ATHLETICS
FISCAL YEAR 1989 – DIV. II-NO FB

